

Message Text

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ORIGIN EUR-03

INFO OCT-01 ISO-00 /004 R

66614
DRAFTED BY: EUR/RPE:REBRESLER
APPROVED BY: EUR/RPE:ACALBRECHT
----- 122230
R 032346Z OCT 75
FM SECSTATE WASHDC
TO USMISSION EC BRUSSELS

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FOLLOWING REPEAT MTN GENEVA 7309 ACTION SECSTATE INFO
USUN DTD 24 SEPT

QTE

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PASS STR

EO: 11652: N/A
TAGS: ETRD GATT UN
SUBJ: MTN POLICY QUESTIONS POSED BY OUTCOME OF UNGA SEVENTH
SPECIAL SESSION

1. SUMMARY. MTN DELEGATION NEEDS GUIDANCE ASAP ON INTERPRETATION
WE SHOULD PUT ON SEVERAL DEVELOPMENTS AT SSS HAVING DIRECT BEARING
ON U.S. POLICY IN MTN. SPECIFIC NEED WILL ARISE IN CONTEXT OCT.
13 MEETINGS OF TARIFF AND NTM GROUPS, AND OCT. 20 TROPICAL PRO-
DUCTS GROUP. WE ARE OUTLINING BELOW CERTAIN QUESTIONS WEEXPECT
OTHERS WILL RAISE TOGETHER WITH PROPOSED REPLY. REQUEST WASHING-
TON CONFIRMATION OR CORRECTION OF PROPOSED REPLIES. END SUMMARY.

2. DESPITE SHORT MEMORY SPAN OF LDC'S OVERALL OUTCOME OFHUNGA
SEVENTH SPECIAL SESSION (SSS) AND LEADING ROLE OF U.S. IN SHAPING
THAT OUTCOME SHOULD BE HELPFUL TO U.S. IN DEALING WITH LDC'S IN
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THE MTN. THEY WILL OF COURSE BE LOOKING FORPREFORMANCE IN MTN.

BASED ON CAREFUL STUDY OF TELEGRAPHIC REPORTS CIRCULATED SO PROMPTLY BY USUN THROUGHOUT SSS AND FINAL CONSENSUS TEXT, U.S. MTN DEL HAS SPOTTED FOUR ISSUES BEARING ON U.S. POLICY IN MTN WE BELIEVE NEED CLARIFICATION, PARTICULARLY SINCE A NUMBER OF KEY LDC NEGOTIATORS AT SSS (E.G. AMBASSADORS LAI AND HERBERT WALKER) ARE GENEVA-BASED AND HAVE NOW RETURNED FOR START OF FALL ROUND OF MTN BILATERAL AND MULTILATERAL MEETINGS.

3. FIRST ISSUE IS WHETHER U.S. IS ABLE TO GRANT PREFERENTIAL TARIFF REDUCTIONS TO LDC'S IN MTN. SUBSIDIARY RELATED POINT IS ACCEPTABILITY TO U.S. OF OTHER DC'S GRANTING PREFERENTIAL TARIFF CUTS IN MTN. EVEN THOUGH SSS CONSENSUS IS SILENT ON PREFERENTIAL CUTS IN MTN, MOST DELEGATIONS HAVE TEXT OF U.S. SEPT 8 WORKING PAPER PROPOSING IMPROVEMENT OF GSP AS PRIORITY IN MTN AND CALLING FOR PREFERENTIAL TARIFF CUTS; THEY MAY ASK WHETHER (OR ASSERT THAT) IT IS ACCURATE STATEMENT OF CURRENT U.S. POLICY RE GSP IN MTN. RECOMMEND WE BE AUTHORIZED TO COMMENT ALONG FOLLOWING LINES:

(A) U.S. TRADE ACT CALLS FOR MFN REDUCTIONS IN MTN. GSP IS A SEPARATE TITLE TO THAT ACT AND TARIFF REDUCTIONS MADE UNDER GSP ARE UNILATERAL USG DECISIONS WHICH ARE NOT PART OF THE TRADE AGREEMENT NEGOTIATING PROCESS;

(B) TOKYO DECLARATION PARA 5 DEFINES HOW MTN NEGOTIATIONS SHALL BE CONDUCTED, I.E. QUOTE WHILE OBSERVING THE MOST-FAVORED NATION CLAUSE UNQUOTE;

(C) US SSS WORKING PAPER SEPT 8 WAS SUBMITTED, AS ITS TITLE SAID, QUOTE FOR NEGOTIATING PURPOSES UNQUOTE AND WAS DESIGNED TO PROVIDE AN ADDITIONAL TEXTUAL FOCUS FOR SSS NEGOTIATIONS OTHER THAN G-77 TEXT ALONE;

(D) AS US SAID AT SSS ON SEPT 9 (PARA 4 USUN 4156), US COULD NOT ACCEPT LANGUAGE CALLING FOR REMOVAL OF TARIFFS ON PREFERENTIAL AND NON-RECIPROCAL BASIS; AND

(E) WE SUPPORTED AND CONTINUE TO SUPPORT SECTION I, PARA 8 OF SSS CONSENSUS WHICH DOES NOT MENTION PREFERENTIAL REDUCTIONS IN MTN.

4. SECOND ISSUE RELATES TO RECIPROCITY BY LDC'S IN MTN. LDC'S AND PERHAPS SOME DC DELEGATIONS MAY QUERY WHERE WE STAND ON THIS ISSUE GIVEN, ON ONE HAND, APPARENT INCONSISTENCY BETWEEN PARA 5 OF TOKYO DECLARATION AND US SSS WORKING PAPER CALLING FOR NON-RECIPROCAL REMOVAL OF TARIFFS AND NTBS, AND ON OTHER HAND, ABSENCE OF LIMITED OFFICIAL USE

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ANY REFERENCE TO LDC RECIPROCITY OR NON-RECIPROCITY IN SSS CONSENSUS. RECOMMEND WE BE AUTHORIZED TO RESPOND:

(A) WE CONTINUE TO BE GUIDED BY PARA 5 OF TOKYO DECLARATION WITH RESPECT TO LDC RECIPROCITY;

(B) AND (C) SAME AS PARA 3(C) AND (D) ABOVE.

5. THIRD ISSUE RELATES TO DURATION OF GSP. TRADE ACT AUTHORIZES U.S. GSP FOR TEN YEARS. IN MTN ONE OF MAIN ARGUMENTS WE CAN MAKE

IN FAVOR OF ADVANTAGES OF MFN CUTS FOR LDC'S IS UNCERTAINTY ABOUT DURATION OF GSP. U.S. SSS WORKING PAPER PROPOSED GSP SHOULD BE RECOGNIZED AS A REGULAR FEATURE OF THE INTERNATIONAL TRADING SYSTEM. SECTION I, PARA 8 OF SSS CONSENSUS SAYS GSP SHOULD NOT TERMINATE AT END OF TEN YEARS ORIGINALLY ENVISAGED. IF QUERIED WHETHER U.S. AGREES TO EXTEND ITS GSP BEYOND 1985 OR CAN WE NEGOTIATE THIS IN MTN, RECOMMEND WE BE AUTHORIZED TO REPLY:

- (A) U.S. GSP CAN BE EXTENDED ONLY BY CONGRESS;
- (B) EXISTING LEGISLATION FIXES DURATION AT TEN YEARS;
- (C) U.S. NOT PLANNING NOW TO PROPOSE TO CONGRESS LEGISLATION TO EXTEND DURATION OF GSP; AND
- (D) U.S. CANNOT NEGOTIATE DURATION OF GSP IN MTN.

6. FOURTH ISSUE RELATES TO TIMING OF IMPLEMENTATION OF TROPICAL PRODUCTS PACKAGE. SECRETARY KISSINGER'S SEPT. 1 SPEECH SAID U.S. WILL IMPLEMENT ITS TARIFF CUTS ON THESE PRODUCTS AS SOON AS POSSIBLE. U.S. SSS WORKING PAPER DOES NOT SPECIFICALLY MENTION TROPICAL PRODUCTS BUT THEY ARE ENCOMPASSED WITHIN PREFERENTIAL NON-RECIPROCAL REMOVAL PROPOSED IN SECTION IC2. CONSENSUS STATEMENT DOES NOT MENTION TROPICALS. IF QUERIED WHETHER COMBINATION OF SECRETARY'S SPEECH PLUS PROPOSALS IN U.S. WORKING PAPER MEANS U.S. CAN AND WILL ACT SOON (OR NOW OR IN 1975) TO IMPLEMENT TARIFF CONCESSIONS ON TROPICALS WITHOUT RECIPROCITY, RECOMMEND WE BE AUTHORIZED TO SAY:

- (A) WE DO HAVE AUTHORITY TO ENTER INTO TRADE AGREEMENTS UNDER TRADE ACT PRIOR TO COMPLETION OF ENTIRE MTN;
 - (B) OUR POSITION ON TIMING OF TROPICALS IS, AS SECRETARY'S SPEECH OBSERVED, ASAP WHICH IS CONSISTENT WITH TOKYO DECLARATION COMMITMENT TO TREAT TROPICALS AS SPECIAL AND PRIORITY SECTOR.
 - (C) WITH RESPECT TO U.S. WORKING PAPER, ANSWER ALONG LINES PARA 3(V) ABOVE;
 - (D) OUR POSITION ON LDC RECIPROCITY REMAINS AS STATED PARA 5 OF TOKYO DECLARATION; AND
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- (E) SECRETARY'S SPEECH DID NOT DEAL WITH QUESTION OF RECIPROCITY.

7. CONFIRMATION OR CORRECTION OF PROPOSED ANSWERS WOULD BE APPRECIATED AS SOON AS POSSIBLE AND, IN ANY EVENT, BEFORE WEEK OF OCTOBER 13 WHEN KEY MTN MEETINGS SCHEDULED. WALKER UNQTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE236786
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/RPE:REBRESLER
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750345-0319
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751086/aaaacyxy.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by KelleyW0>; APPROVED <04 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MTN POLICY QUESTIONS POSED BY OUTCOME OF UNGA SEVENTH SPECIAL SESSION
TAGS: ETRD, US, GATT, UN, UNGA, MTN
To: EC BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006